

## United States Senate

WASHINGTON, DC 20510

February 6, 2012

**0153**

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

Dear Chairman Genachowski:

I am writing you today inquire about the potential costs associated with a recent proposal by the Federal Communications Commission (FCC). The proposal, "Order on Reconsideration and Further Notice of Proposed Rulemaking" (MM Docket Nos. 00-168 and 00-44) would require all television broadcast licensees to post virtually all of their public inspection files and sponsorship identification records in an online database to be maintained and monitored by the FCC.

As I understand the proposal, the Commission would develop and maintain this database that would host these public inspection and political file records of all 1,783 full-power commercial and noncommercial television stations in the United States. At the same time, it would require all television stations to develop and maintain electronic copies of their own public inspection file for "back-up purposes" in the event the federal database becomes "unavailable or disabled." The proposal also requires stations to make "near real-time" uploads of political file records onto the database even if a station is not currently transacting and tracking its political advertising business online.

The Commission further proposes to expand its sponsorship identification requirements by requiring stations to compile and upload to the new database a list of all sponsorship identifications that appear on-air during broadcast programming. This is a burdensome and unnecessary new recordkeeping requirement for stations. Although certain sponsorship identifications currently are required to be disclosed on the air during certain programs or advertisements, stations have never been required to create and maintain a separate log of all sponsorship identifications after they have been broadcast to the public or report them to the Commission.

The Commission's proposal makes no mention of the costs associated with the creation and ongoing maintenance that will be required with this new database. Given the unprecedented volume of information to be included in the database and the number of potential users, the new database appears to be a major new undertaking of the FCC's resources and taxpayer dollars.

Equally troubling is the Commission's refusal to consider the impact of its proposal on the 78 percent of television stations that qualify as "small entities" subject to the Regulatory Flexibility Act. Imposing these likely burdensome, duplicative and costly recordkeeping requirements on local television stations would contradict the stated view that "having the Commission host the public file will ease the administrative burdens on all broadcasters."

Although the Commission's proposal appears to create substantial new costs for both taxpayers and small businesses, none of these costs were included in the cost/benefit analysis described in your proposal.

In light of these concerns, I would appreciate your answer to the following questions:

- 1) At the time of the issuance of the *Order on Reconsideration and Further Notice of Proposed Rulemaking* in MM Docket No. 00-168 and MM Docket No. 00-44 on October 27, 2011, what did the FCC estimate the total costs would be to the government to implement the proposal in the first year? What did the FCC estimate the total costs to the government to be on an annual basis thereafter?
- 2) What did the FCC estimate the total costs would be to the private sector to implement the proposed regulations in the first year and each subsequent year?
- 3) What does the FCC identify as the average total costs to implement this proposal for both commercial and noncommercial television stations?
- 4) What is the cost for the FCC to develop and maintain this new database and given its current budget, how will it pay for this new database?

I thank you for your assistance in this matter and if I can be of any help please feel free to contact Walter Zaykowski, a member of my staff, at 202-224-3154.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Burr", with a stylized flourish at the end.

Senator Richard Burr



FEDERAL COMMUNICATIONS COMMISSION

June 12, 2012

JULIUS GENACHOWSKI  
CHAIRMAN

The Honorable Richard M. Burr  
United States Senate  
217 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Burr:

Thank you for your letter regarding the Commission's proposal to host online filing of broadcaster public inspection files. I appreciate hearing your views on this matter. I have asked the Chief of the Commission's Media Bureau to respond to your concerns and I am pleased to provide the enclosed letter.

If you have any additional questions or need any further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to be "J. Genachowski", is written over the typed name.

Julius Genachowski

Enclosure





Federal Communications Commission  
Washington, D.C. 20554

June 12, 2012

IN REPLY REFER TO:  
CN-1200153

The Honorable Richard M. Burr  
United States Senate  
217 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Burr:

Thank you for your letter expressing concern about potential costs associated with the Commission's proposal to host online filing of television broadcaster public inspection files. I appreciate this opportunity to address your questions and concerns. Your letter will be included in the record of the proceeding.

Projected costs of this proposal to industry were part of the inquiry made in the *Further Notice of Proposed Rulemaking (FNPRM)*. The Commission recognized that costs are likely to vary by broadcaster, and requested detailed data from commenters on the nature and magnitude of both costs and public benefits so it could achieve a proper balance between the two. As with all paper-to-paperless conversions, the broadcasters will experience some one-time upfront costs. Based on the record, the Commission estimated these costs at an average of \$80 - \$400 per station, spread over a six month period.

After the conversion, however, broadcasters will likely realize cost savings and efficiencies. Moving the file online will minimize disruptions in the daily operation of a station, and reduce the burdens placed on station staff that currently field phone calls and chaperone in-person requests to inspect files. Also, broadcasters will no longer need to maintain paper copies of eight routine items that they already file with the Commission. These items compose about a third of all items in the public file. Instead, the Commission will take responsibility for filing the material online. Even for those elements of the file still managed by the broadcasters, the online file should be less burdensome than a local file, because uploading a file will be easier and more efficient than photocopying it, walking it to the local paper file, finding the appropriate folder and inserting it in the proper order.

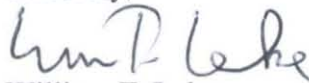
In order to assist smaller stations in preparing for any additional costs, the conversion to electronic files will be completed in phases. Stations affiliated with the major networks in the top 50 DMAs, approximately 200 stations out of approximately 2000 stations nationwide, must post new political file materials online when the rules become effective, with the rest of the industry complying by July 2014.

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The complete database costs for the public file are included in the FCC's Fiscal Year 2012 Information Technology (IT) budget. On a going forward basis, the Commission is leveraging several improvements to its IT infrastructure, including adding cloud capacity. These investments have lowered the costs of web-based services currently hosted by the Commission and these cost savings will also apply to the maintenance of online files. Actual start-up costs for hosting the public file would be less than \$350,000 with an estimated out-year cost of less than \$175,000.

I appreciate your interest in this matter. Please let me know if I can be of further assistance or if you would like to discuss this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. T. Lake". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

William T. Lake

Chief

Media Bureau